

IC Memorandum 09-15



To: Insurance Coordinators

**From: Department of Employee Insurance (DEI)
Flexible Benefits Branch**

**Re: Recoupment of Unsubstantiated Claims &
Non-Qualified Expenses (NQE)**

Date: July 02, 2009

Commonwealth of Kentucky
Personnel Cabinet
Department of Employee Insurance
2nd Floor, State Office Building
501 High Street
Frankfort, Kentucky 40601

Web Site: <http://kehpn.ky.gov>

On May 11, 2009, you were emailed IC Memorandum 09-12 which explained the process the DEI was going to follow to recoup unsubstantiated claims & non-qualified expenses (NQEs). The DEI has updated the process to recoup unsubstantiated claims and NQEs.

We will mail the following letter to all members who have outstanding unsubstantiated claims and NQEs from 2006, 2007 and 2008. The updated process allows members a final opportunity to submit documentation to Humana to substantiate their FSA or HRA expenses.

If you have any questions about this new process, you may contact the Flexible Benefits Branch at 502-564-0350 or 502-564-0351.

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FINAL NOTICE

[Date]

[First Name] [Last Name]
[Street Address]
[City][State] [Zip Code]

Re: Unsubstantiated or Non-Qualified FSA / HRA Expense(s)

Dear Mr. / Ms. [Last Name]:

We at the Kentucky Employees Health Plan (KEHP) recognize that most folks lead busy and hectic lives. So, we understand you may not always be able to closely read the letters sent by us or our administrator, Humana. But please, take the time to carefully read this letter. **It is very important.**

Humana advises us that you maintained a Flexible Spending Arrangement (FSA) and/or a Health Reimbursement Arrangement (HRA) with KEHP during one or more of the following years: 2006; 2007; 2008. Humana further indicates one or more “unsubstantiated” or “non-qualified” FSA or HRA expenses have been reimbursed to you. An expense is considered “unsubstantiated” unless and until documentation is received by Humana to prove the expense is eligible for reimbursement under Internal Revenue Service (IRS) guidelines. An expense is considered “non-qualified” if it is ineligible for reimbursement under IRS guidelines.

Humana has previously sent you one or more letters requesting documentation or re-payment of these expenses. We recognize it is possible these letters may have been misunderstood or inadvertently disregarded. However, IRS guidelines require that all FSA and HRA claims must either be validated as eligible expenses or repaid to KEHP. The expenses listed on the back of this letter have not been documented or repaid — this is a matter which must be corrected immediately. We wouldn't be bothering you about this if we didn't have to: it is a requirement of the IRS.

To remedy this situation, you must submit adequate documentation to substantiate each FSA or HRA expense listed on the back of this letter. Your documentation must be received by Humana within thirty (30) days after the date of this letter. This is your final notice to adequately validate your expense(s). Please review the information on the back of this letter and contact **Humana Spending Account Administration** at **800-604-6228** if you need assistance identifying the name of a provider, a date of service, or other pertinent information.

To document each expense, you must submit this letter, along with an itemized receipt or Explanation of Benefits (EOB) form, to: Humana Spending Account Administration, P.O. Box 14167, Lexington, KY 40512-4167 (or fax to 1-800-905-1851). Additional information about claim substantiation may be obtained by visiting the following Web site: <http://personnel.ky.gov/dei/09fsahra.htm>.

If adequate documentation for each expense is not received by Humana within 30 days after the date of this letter, your HumanaAccess Card privileges will be subject to suspension, as will reimbursement for traditional paper claims. In addition, KEHP will be required by law to seek reimbursement through additional means outlined in your Summary Plan Description (SPD).

Thank you for your attention to this matter. If you have any questions, please contact **Humana Spending Account Administration** at 1-800-604-6228.

[Claims Listed on Back of Page]